

**INVESTIGATIVE AUDIT OF SELECTED RECORDS
OF THE TOWN OF GRUETLI-LAAGER
FOR THE PERIOD JULY 1, 2000, THROUGH AUGUST 31, 2002**

FINDINGS AND RECOMMENDATIONS

1. **FINDING:** **Failure to account for seized vehicles and cash**

The police department did not maintain adequate documentation of the disposition of property confiscated pursuant to the state drug control statutes. As a result, we were unable to account for the disposition of two automobiles and a total of \$1,147.42 in cash seized between January 1, 2000, and August 31, 2002.

Section 39-17-429(a), *Tennessee Code Annotated*, states, “. . . the municipal law enforcement department shall be accountable to the municipal legislative body for the proper disposition of the proceeds of goods seized and forfeited under the provisions of § 53-11-451 [narcotics statutes] . . .”

RECOMMENDATION

In order that the police department can efficiently manage confiscated property, the police chief should ensure that each officer gives a detailed description of all property confiscated on each arrest report. If a property seizure form is required by the Department of Safety, the police chief should ensure that a copy is kept in the department's files. In addition, all other documentation relating to confiscated vehicles or other property items, including Orders from the Commissioner of the Department of Safety and documentation of the final disposition should be filed with the arrest report and seizure form so that the police department maintains a complete record.

MANAGEMENT’S RESPONSE:

Mayor and Members of the Board of Aldermen:

As the Board of Mayor and Aldermen of the City of Gruetli-Laager, we do not disagree with any of the findings in the audit report presented to us by the auditor.

At this time, the City of Gruetli-Laager does not have a police department. If and when we do reinstate our police department, adequate documentation will be implemented per manuals provided by the auditor to ensure better records and accountability.

2. **FINDING: Failure to account for other seized property**

The police department did not maintain a proper inventory of items seized in arrests, such as weapons and drugs, and the disposition of those items. We examined available records at city hall. We also attempted to locate weapons that the Tennessee Bureau of Investigation had identified as seized, based on their examination of search warrant returns. However, we were unable to locate or determine the disposition of three weapons, including two rifles and one pistol.

Although confiscated property does not legally belong to the city, the police department is responsible for the property. The *Internal Control and Compliance Manual for Tennessee Municipalities*, Title 1, Chapter 4, Section 3, states, “Municipal officials should . . . require that a record of movable, high-risk, sensitive property . . . be established and maintained. . . .”

RECOMMENDATION

To ensure that all seized property is adequately safeguarded and accounted for, the police chief should require a comprehensive up-to-date inventory of all such property.

MANAGEMENT’S RESPONSE:

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3. **FINDING: Inadequate documentation of sale of seized vehicles**

The police department sold seized vehicles at public auction. However, the police chief failed to require a separate receipt, with information including the name of the purchaser, amount collected, and vehicle identification, for each vehicle sold.

Section 9-2-102, *Tennessee Code Annotated*, requires the department of audit to “prescribe a uniform system of bookkeeping designating the character of books, reports, receipts, and records, and method of keeping same, in all state, county, and municipal offices . . . which handle public funds.” The *Internal Control and Compliance Manual for Tennessee Municipalities*, requires municipal officials to ensure that **prenumbered** receipts are issued for each revenue source.

RECOMMENDATION:

To better account for all revenue, the employee or official who receives collections should issue a duplicate, prenumbered receipt for each source of revenue. The duplicate receipt should provide adequate details to identify the source of revenue.

MANAGEMENT'S RESPONSE:

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4. **FINDING:** **No follow up of cases referred to county courts and lack of related records**

The police department referred certain court cases to the county courts, including drug offenses and driving under the influence (DUI) cases. However, we found no documentation that the department maintained copies of arrest reports, kept a record of the cases turned over to the county courts, or assigned responsibility for identifying and following up the cases turned over to the county court. Therefore, the department did not determine that the municipality received all fines due from the county courts. Attorney General's Opinion 91-85 states that all or part of the fines collected from drug and DUI cases should go to the jurisdiction initiating the arrest.

RECOMMENDATION:

To help ensure that all applicable cases are referred to the county court and that the municipality receives all related revenue due from the county, municipal officials should assign responsibility for the recordkeeping and follow up of those cases. The police chief should require department personnel to keep copies of all police department activity, systematically file the necessary documentation with the county courts, and periodically compare the cases referred to the county higher courts with the monthly reports and fines received from the county.

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5. **FINDING:** **Collections not deposited promptly and intact**

Seized cash was not deposited promptly and intact into the municipality's bank account. The municipality's cash receipt records indicated that some collections were not deposited until several weeks after being received by municipal personnel. We noted that after the police department was disbanded on August 19, 2002, \$221 in undeposited cash from a March 9, 2002, seizure was found in the office used by police officers.

Section 6-56-111(a), *Tennessee Code Annotated*, states:

Every municipal official handling public funds shall be required to, as soon as practical, but no later than three (3) working days after the receipt by such municipal official of any public funds, deposit the funds to the credit of such municipality's official bank account, or bank accounts.

The *Internal Control and Compliance Manual for Tennessee Municipalities*, Title 3, Chapter 1, Section 5, states:

Collections should be deposited promptly and intact and only in designated depositories. The bank's night depository should be used, if necessary, to avoid large accumulations of currency overnight. . . . The municipality should make daily deposits when large amounts of money are involved.

RECOMMENDATION:

To help prevent the misuse or loss of collections, officials should ensure that all collections are deposited intact within three working days into an official municipal bank account. Cash on hand should be safeguarded.

MANAGEMENT'S RESPONSE:

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6. **FINDING:** **Additional salary payments to police officers from drug fund**

On July 1, 1994, the mayor and board of aldermen approved a motion “to give police officers a raise through the Drug Fund” stating that each officer “can turn in up to 8 hrs. [for drug dog training] every 2 weeks.” We noted that beginning in July 1997, the number of bi-weekly training hours claimed by officers increased from 8 to 14. The recorder explained that the mayor and board of aldermen had approved the increased allowable number of hours during an informal budget workshop. We found no written record of that approval. We also found no documentation that would indicate that the department had actually conducted the drug dog training for which the officers were paid. Opinion 99-202, Office of the Attorney General of the State of Tennessee states:

County and municipal law enforcement agencies may use funds derived from fines and bond forfeitures from drug cases to pay the salaries only of personnel who are directly employed in drug enforcement, education, and treatment programs and only for work performed in such programs.

Total net supplemental salary payments to seven police officers from January 1, 1997, through August 31, 2002, was \$42,542.99.

RECOMMENDATION:

To comply with state law, officials should ensure that any salary payments derived from fines and bond forfeitures from drug cases are only used to pay the salaries of personnel who are directly employed in drug enforcement, education, and treatment programs and only for work performed in such programs.

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